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Source type: Periodical

ISSN: 08940797

ProQuest document ID: 10782686

Text Word Count 829

Document URL: <http://proquest.umi.com/pqdweb?did=10782686&sid=9&Fmt=3&clientId=19649&RQT=309&VName=PQD>**Full Text** (829 words)*Copyright Phillips Business Information Corporation Apr 3, 1995*

A handful of financial institutions are using photos on credit cards already as a means of fraud prevention (CN, Sept. 20, p. 1). But now vendors may be taking the next step to offer cards that display a cardholder's face on a computer screen or a sales receipt, so that a sales associate doesn't need to look at the card -- only at the computer screen or the receipt at the point-of-sale (POS).

Rochester, N.Y.-based [Eastman Kodak Co.](#) said last week that it was partnering with [IBM](#), NetLink Transaction Systems Corp. and Citicorp to bring a digital image system to the market within the next year.

The Kodak Image Verification System (Kodak IVS) creates the image of a human face digitally in 400 bits, in black-and-white or color, using POS hardware. A software program, located in the resident memory of the POS terminal or on a local processor, decompresses data encoded on the credit card stripe to display the cardholder's image on monitor. It also creates a verification code, based on such factors as the amount of sale, which offers better security than a static personal identification number (PIN), said a [Kodak](#) spokesperson.

While [Kodak](#) said it is too early to project costs of its system, users of existing photo card systems say that if it is comparable to their's, the price tag won't be cheap: most photo card systems cost \$300,000 to \$500,000 for the initial capital investment.

Digital images at the POS, like photo cards, also will face the ongoing debate over whether they are an effective fraud prevention tool. Opponents of photo cards contend that many sales associates do not bother to check photos on cards, and won't check photos on a computer monitor or receipt. (Terence McArdle, [Kodak](#), 716/726-0751)

In a time when card issuers are anxious to make their cards different from every other low-rate, no-fee, rebate-heavy card on the market, the card industry should expect to see more companies like CardMember Publishing Co. offering issuers diversity through card enhancements.

Based in Stamford, Conn., this service provider hit \$50 million in revenues in 1994 by offering issuers a variety of different services to entice cardholders to use issuers' cards.

"Issuers are missing out on a financial opportunity if they don't offer enhancements. People have multiple cards, and if they're not

getting marketed from one institution, they'll get marketed from another," said Gary Johnson, president of CardMember Publishing.

The company offers four different services which issuers can use as card enhancements, including dental, health, entertainment and travel services. The company is developing another product which is expected to be released in the next few months, said Johnson.

Like most enhancement programs, CardMember Publishing **sells** the services to issuers on a retail or wholesale basis. On the retail side, CardMember Publishing handles all and marketing and **selling** to cardholders, and CardMember Publishing pays a **royalty** to the **issuer**.

CardMember Publishing also **sells** its services wholesale (a \$50 service is reduced to \$10) by relinquishing all marketing and servicing of its packages to the issuer.

However, before jumping into the credit card enhancement market, issuers need to realize that the enhancement business isn't always high growth and high profits. "This is a tough side of the business. These companies crop up when the economy is good. But 'frilly' marketing gets phased out immediately during recessions or rough times," said James Accomando, president of Accomando Consulting Inc., a credit card consultancy.

Enhancement marketing also has its fair share of competitors, including Cheyenne, Wyo.-based SafeCard Services, Omaha, Neb.-based Insurance Consultants Inc. and Norman, Okla.-based United Bank Services. (James Accomando, Accomando Consulting, 203/367-3306) *****

CardMember Publishing at a Glance * CardMember Publishing Co.

655 Washington Blvd.

Stamford, Conn. 06901 * Contact: Laura Pelco, 203/324-7635 * Founded: 1989 * Number of Customers: 2 million cardholders * Area Served: nationwide * Market Share: The company has

approximately 10 percent of the card

enhancement market, according to

CardMember's president, Gary Johnson. Inc.Magazine said that CardMember was the second fastest growing privately-held company in the United States in 1994. * Products/Services:

The dental service is a network of 5,000

dentists nationwide, offering discounts of

approximately 30 percent on dental

procedures, free oral exams and X-rays for

the entire family, for \$49.95 annually.

The entertainment service involves

discounts on home electronics, home

furnishings, compact discs, and books, and

an activity hotline for members, all for \$49.95

annually.

The health service offers discounts of up

to 50 percent on eye wear and hearing aids;
information services on physicians; a referral
service; and a health risk appraisal for the
entire family, all for \$49.95 annually.
The travel service provides 5 percent off
the guaranteed lowest prices on air travel;
a discount hotel directory; and a travel
itinerary service, for \$49.95 annually. * Revenues: \$50 million, 1994 fiscal year * Major customers: Proprietary. Johnson said
the company serves seven of the top 10, and
14 of the top 20, card issuers in the country. Source: CardMember Publishing *****

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